

Policy Response to Low Fertility in Korea: A Look through OECD Indicators

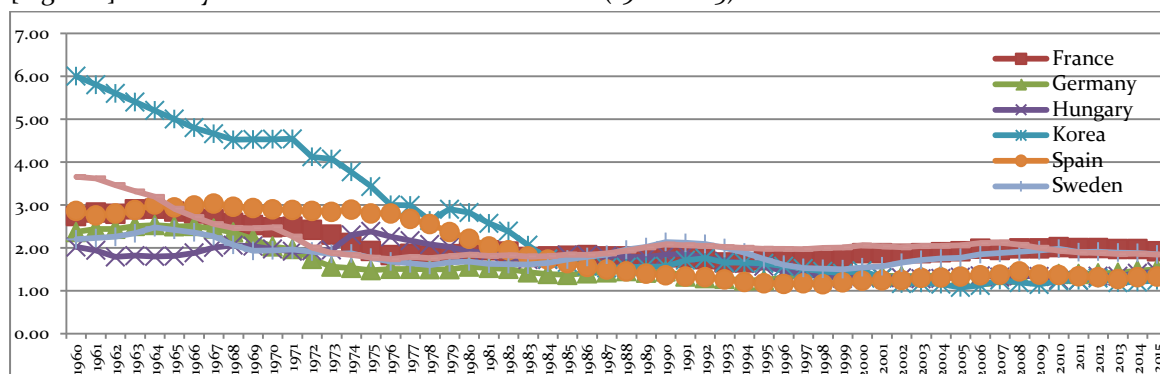
Yoon-jeong Shin
Research Fellow, KIHASA

Introduction

Korea's total fertility rate has never risen above 1.30 since 2001, even after the Basic Plan on Low Fertility and Aging Society was implemented in 2006. Although, in the meantime, a rapidly increasing share of GDP has gone into family policies (from 0.24 percent in 2013 to 1.32 percent in 2013), no sign has emerged of fertility picking up in any significant way. As a result, the impact of the policy has been widely called into question.

In many of the OECD countries, fertility rates declined until before the 1990s. Throughout 1990s and 2000s, however, some of these countries, including France, where social support for families is strong, and Sweden, where gender equality has been upheld more strongly than elsewhere, saw their fertility rates approach the replacement level. This study looks at some of the policy steps Korea has taken in response to low fertility and discusses them in a comparative context of OECD Family Database.

[Figure 1] Fertility rates in selected OECD countries (1960~2015)



Source: OECD Family Database (2017)

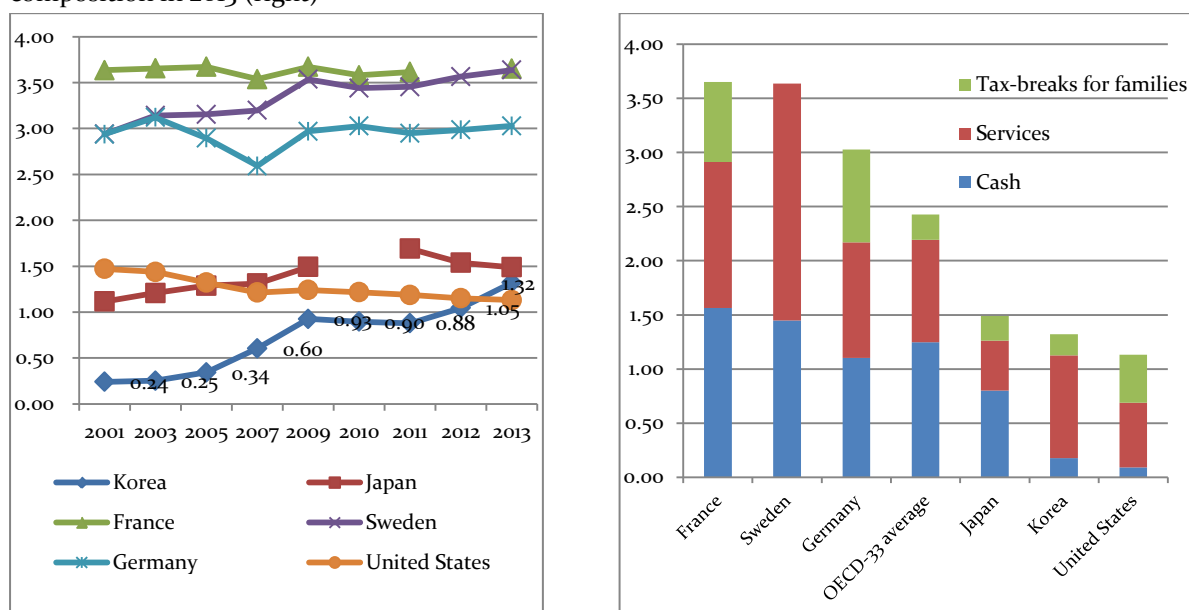
Family policy in Korea

Family policy, as the OECD defines it, comes in three dimensions—cash, in-kind, and in-time—which as a whole aims to contribute to: helping parents balance work and family life; female labor force participation; poverty reduction among low-income families; improving childhood development; improving gender equality; and helping parents have children when they want to and as many as they desire.

Family support as a share of GDP in Korea was as low as 0.24 percent in 2001. The figure has since increased to a great extent, to 0.93 percent in 2009 and to above the 1-percent mark in 2012. In 2013, family support as a share of GDP was 1.32 percent in Korea, still substantially lower than in such European welfare states as France, Sweden, and Germany, but higher than in the US (1.13 percent) and nearing Japan's 1.49 percent. Korea's family policy remains rather weak in cash support, but its spending is set to grow soon, as a monthly allowance of KRW100 thousand

is scheduled for introduction in September this year for children at or below 5 years of age.

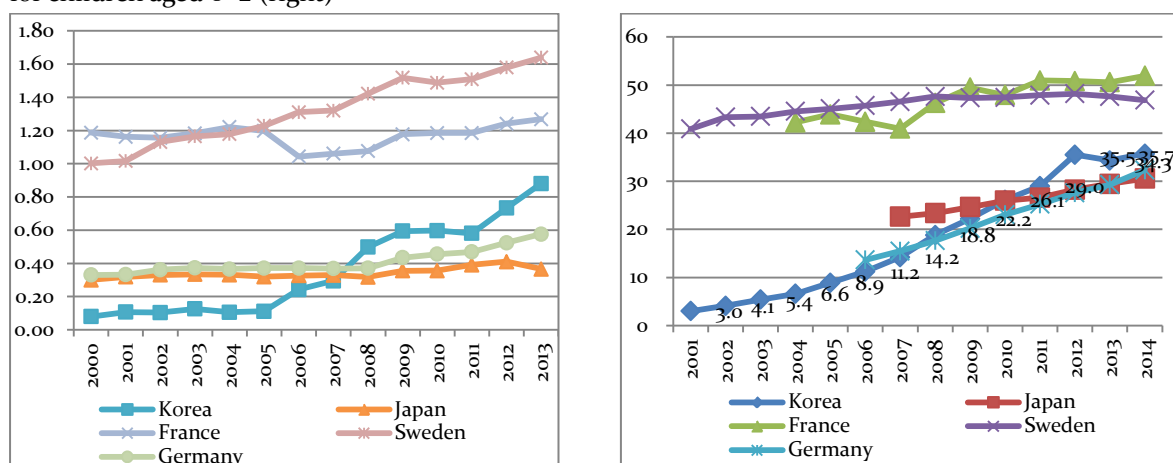
[Figure 2] Family support as % of GDP in selected OECD countries: its trends since 2001 (left) and its composition in 2013 (right)



Source: OECD Family Database (2017)

Government's childcare support has been extended to cover all preschool children 0~5 years of age in 2013, irrespective of their family income. As a result, childcare facility use rate for children 0~2 years of age has increased considerably, to 35.7 percent in 2014, a level close to those seen in Japan and Germany.

[Figure 3] Child care and education expenditures as % of GDP (left); childcare facilities utilization rate for children aged 0~2 (right)

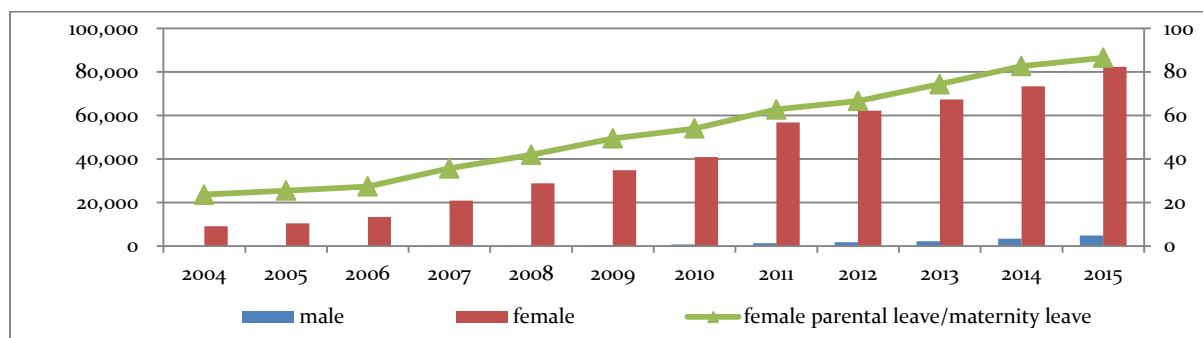


Source: OECD Family Database (2017)

Parental leave benefits have increased in amount since 2011, when they began to be paid on a flat-rate basis, and not, as previously, on a fixed-amount basis. The number of female workers in receipt of parental leave benefits increased from 9,122 in 2004 to 82,467 in 2015. In 2004, only 23.7 percent of maternity allowance recipients took parental leave. In 2015, the figure has

increased by leaps and bounds to 86.6 percent. However, those among men who took parental leave, although having vastly increased in number from 181 in 2004 to 4,871 in 2015, account for only 5 percent of all parental leave takers.

[Figure 4] Number of parental leave takers (male and female) and % of parental leave takers in maternity leave takers



Source: Employment Insurance Statistics (for each year)

The question of why Korea, despite the expansion of its family policy, remains held in the grip of a lowest-low fertility rate can be discussed in light of OECD indicators. A fertility increase is an outcome not only of family support policy, but also of the structural/cultural interplay of diverse factors concerning employment, family-work balance, gender division of labor, and gender norms. Expanding one family policy component or two alone, without broad-based changes across the various social realms, will unlikely lead to a substantial increase in the fertility rate.

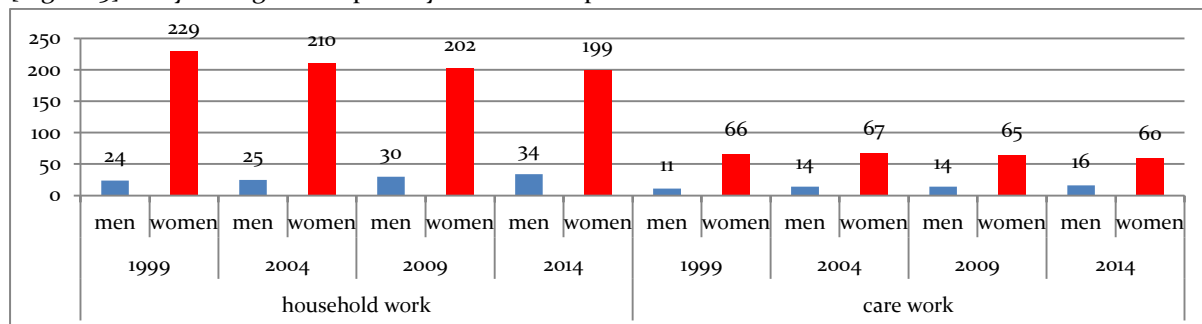
The simple truth is that no policy nostrum will fix Korea's low-fertility predicament apace once and for all. It takes a long time before a policy takes hold, and Korea's family policy still needs years of improvement and consistent implementation. It was as far back as 1995 that Sweden introduced a men's quota of one-month paternity leave. Under this quota program today, eligible fathers can take a paternity leave of up to 3 months. Of all those who took a parental leave in 2016 in Sweden, men accounted for 45 percent, although women as a whole spent more than twice as many days in parental leave as did men. In 2014, France introduced a paternity program whereby new fathers are entitled to a leave of at least 6 months. But with its benefit set at only 16 percent of the average wage, the paternity leave program remains unpopular. Men accounted for only 4.4 percent of all those who took a parental leave in France in 2016.

What holds back fertility rate from rising?

Among the factors that keep Korea's fertility rate from increasing is the pervasive culture of working long hours, which leaves men with less time to spend on parenting and housework. According to 2014 statistics, 26.3 percent of employed men worked more than 60 hours a week in Korea, compared to 13.6 percent in Japan and the OECD average of 7.9 percent. The time spent by married men with spouse on housework has increased from 24 minutes in 1999 to 34 minutes in 2014, 5 minutes longer than in 1999. Married men with spouse present spent 16 minutes on parenting in 2014, 5 minutes longer than in 1999. France provides an example of association between increases in time spent by men on housework (and parenting) and higher probability of having

a second child. Finland is another example where longer time spent on parenting is associated with increases in fertility rate.

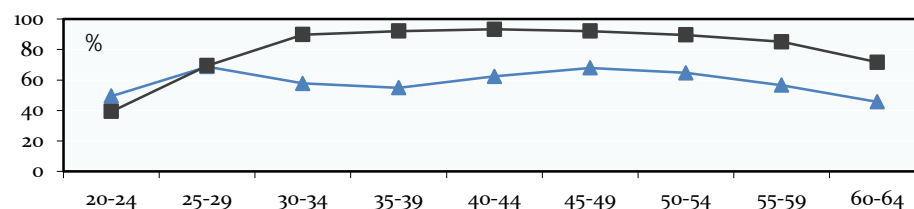
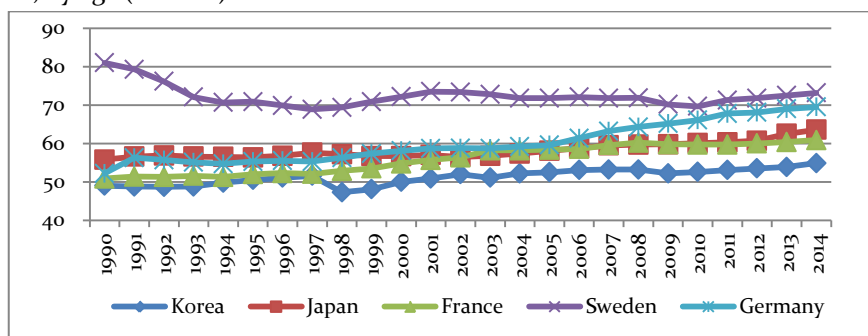
[Figure 5] Daily average time spent by married couples on housework and care work



Source: Statistics Korea (2017)

Since the 1990's, women's employment rate in Korea has hovered between 50 and 55 percent, with no significant ups or downs. Along these years, the female lifecycle labor force participation rate has been persistently M-shaped, suggesting that Korean women tend, after marriage and during pregnancy and childbirth, to withdraw in large numbers from paid work. The close association shown in some of the OECD countries between higher female employment rates and higher fertility rates suggests that it is possible to achieve both with proper policies and a cultural environment that encourages family-work balance. That in Korea both the female labor force participation rate and fertility remain low indicates that the country still has much to do in the provision of social support for women struggling to balance work and family.

[Figure 6] Women's employment rates in selected OECD countries (top); women's employment rate in Korea, by age (bottom)

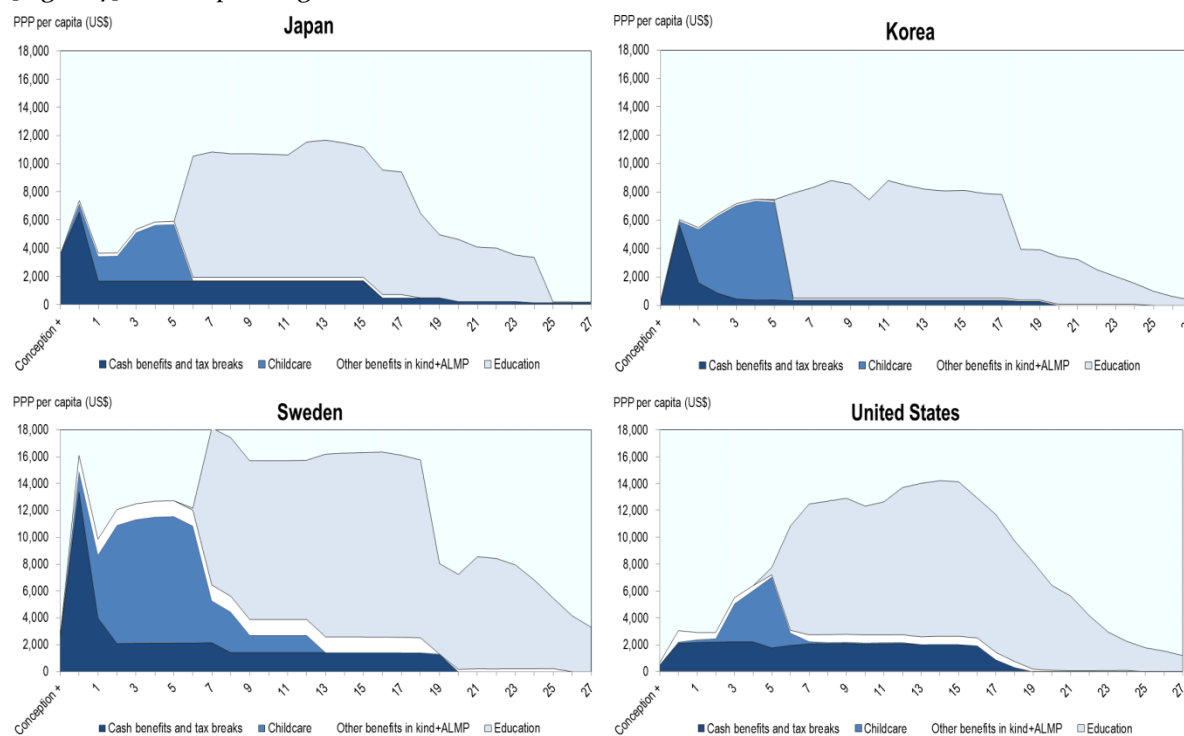


Source: OECD Family Database (2017)

The excessive amount of educational expenses that parents are expected to bear is another

factor that makes many young married couples recoil at the idea of having children. A survey conducted of household expenditures on after-school education found that in 2016, 80 percent of elementary school students (1st to 6th graders), 63.8 percent of middle-school students (7th to 9th graders) and 52.4 percent for high school students (10th to 12th graders) received private tuition after school. In the same year, according to the same survey, after-school private education cost Korean families, on monthly average, KRW302 thousand for an elementary school student, KRW431 thousand for a middle school student and KRW499 thousand for a high school student. In Sweden, where both women’s employment and fertility rate stand high, a large percentage of public spending is directed to children in a way that benefit them evenly across all ages (see Figure 7). Korea should increase its spending on public education to not only to improve child development, but also to reduce the need of parents to spend heavily on after-school tuition for their children.

[Figure 7] Public spending on children in Korea and in three other OECD countries



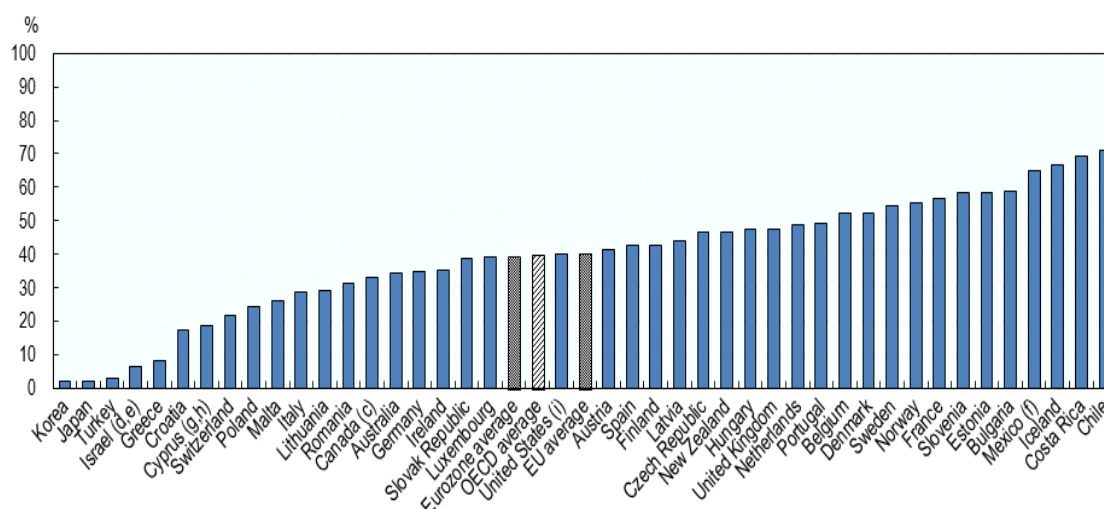
Source: Doing Better for Children (2009), OECD

Korea’s poor level of gender equality is often pointed out as among the factors holding the fertility rate at lowest-low levels. The Global Gender Gap Index has ranked Korea 92nd in a total of 115 countries in 2006 and 116th on a list of 144 countries in 2016. On the Glass-Ceiling Index of *The Economist* magazine, which measures the difficulty women face in moving up a hierarchical ladder, has placed Korea at the bottom end of its list. A marked trend across some OECD countries is that, as Esping-Anderson and Billari observe in their study in 2015, fertility rates fall where gender equality as a social value is beginning to spread. Once it has gained wider acceptance, however, gender egalitarianism makes for higher fertility.

In times as now when families are becoming increasingly diverse, the common conception people have of marriage and childbirth seems well behind the times and in need of changing. In

2014, out-of-wedlock newborns as a share of all childbirths in Korea were less than 2 percent, lower than in any other OECD country. This suggests that in Korea, childbirth is rigidly bound up with civil marriage. In countries such as France and Sweden, where the fertility rate has climbed up and stabilized around the replacement-level, the concept of “couple” extends beyond those bonded in civil marriage to include people living together in a registered partnership. In Korea, in contrast, the available census statistics do not distinguish between civil marriage and common-law marriage and thus are in need of a major revision, especially when, as now, families are becoming increasingly diverse in form.

[Figure 8] Out-of-wedlock childbirths (2014) in OECD countries



Source: OECD Family Database (2017)

Conclusion

Expanded though it has been to a significant extent over the past 10-odd years, Korea’s family support policy has led to no tangible increase in the fertility rate, calling into question whether it can really have the intended impact at all. However, as childbirth decision-making involves a wide range of social factors, it is not entirely surprising that increasing support in just one or two policy areas has not translated into an increase of any significance in fertility. Apart from the marked increase in family support, no improvement to speak of has been made on other policy areas including the labor market, housing, education, and gender equality.

According to the 2015 National Survey of Fertility and Family Health and Welfare, Korean women with spouse present wished to have an average of 2.25 children, while the average number of children they actually had was 1.75. The government needs to focus on reducing this gap by increasing its childbirth support so that people can have children when they want to. This will require for the government-led response to low fertility to commit, over and above the current family support programs, a wide range of different social policy arrangements to reversing the trend of lowest-low fertility in a sustainable way. Further, a policy commitment on the suggested scale will need an organization with authority to manage and coordinate different policy sectors, one like France’s “Haut Conseil de la famille, de l’enfance, et de l’âge” where experts and government officials concerned gather and work together and, with their assessment and recommendations, seek to improve policies on families, children, the aged and

social cohesion.

It is hard to expect that the state-led macro policies of today will contribute to raising the fertility rate in much the same way the population control policy in the past did to birthrate decline and, in turn, to growth. The policy focus should move to how best to help people at the micro-level as they, as individuals, face various difficulties in having a child and in family life.